

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	
FILING OF COLUMBIA GAS OF)	CASE NO.
KENTUCKY, INC.)	2015-00359

ORDER

On December 13, 2013, in Case No. 2013-00167,¹ the Commission approved rates for Columbia Gas of Kentucky, Inc. ("Columbia") and provided for their further adjustment in accordance with Columbia's Gas Cost Adjustment ("GCA") clause.

On October 30, 2015, Columbia filed its proposed GCA to be effective November 30, 2015.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Columbia's notice includes rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Columbia's Expected Gas Cost ("EGC") is \$4.7661 per Mcf, which is an increase of \$.1139 per Mcf from its previous EGC of \$4.6522 per Mcf.
3. Columbia's notice sets out a rate for Banking and Balancing Service of \$.0209 per Mcf, which is an increase of \$.0001 per Mcf from its previous rate of \$.0208 per Mcf.

¹ Case No. 2013-00167, *Application of Columbia Gas of Kentucky, Inc. for an Adjustment of Rates for Gas Service* (Ky. PSC Dec. 13, 2013).

4. Columbia's notice sets out no current quarter supplier Refund Adjustment ("RA"). Columbia's total RA is (\$.0016) per Mcf, which is no change from its previous total RA.

5. Columbia's notice sets out an Actual Cost Adjustment ("ACA") of (\$1.9760) per Mcf, which is no change from its previous ACA.

6. Columbia calculates its ACA annually utilizing data from the 12 months ending June 30. Columbia's most recent calculation, as set forth in Case No. 2015-00270,² shows that for the 12 months ended June 30, 2015, its cost of gas purchased was slightly more than \$50 million, while its total gas cost recovery was over \$69.4 million, resulting in an over recovery from ratepayers of more than \$19 million, which is almost 39 percent of the cost of gas purchased. Upon further review, this significant over recovery of gas cost raises issues concerning the reasonableness of Columbia's use of a GCA methodology that recalculates its ACA annually rather than quarterly, as well as the methodology for projecting its EGC. For these reasons, an informal conference should be held on Wednesday, December 9, 2015, at 2 p.m. Eastern Standard Time to discuss these issues.

7. Columbia's notice sets out a Balancing Adjustment ("BA") of (\$.0028) per Mcf, which is no change from its previous BA.

8. Columbia's notice sets out a Special Agency Service ("SAS") refund adjustment of \$.0000 per Mcf, which is no change from its previous SAS refund adjustment.

² Case No. 2015-00270, *Purchased Gas Adjustment Filing of Columbia Gas of Kentucky, Inc.* (Ky. PSC Aug. 11, 2015).

9. Columbia's notice sets out its Gas Cost Incentive Adjustment ("GCIA") of \$.0472 per Mcf, which is no change from its previous GCIA.

10. Columbia's GCA is \$2.8329 per Mcf, which is an increase of \$.1139 per Mcf from the previous GCA of \$2.7190 per Mcf.

11. The rate as proposed by Columbia and set forth in the Appendix to this Order is fair, just, and reasonable and should be approved for billing for the December 2015 billing cycle beginning on November 30, 2015.

IT IS THEREFORE ORDERED that:

1. The rate proposed by Columbia and set forth in the Appendix to this Order is approved for billing for the December 2015 billing cycle beginning on November 30, 2015.

2. Within 20 days of the date of this Order, Columbia shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rate approved herein and reflecting that it was approved pursuant to this Order.

3. An informal conference is scheduled for Wednesday, December 9, 2015, at 2:00 p.m. Eastern Standard Time, at the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, for the purpose of discussing Columbia's continued use of an annual adjustment to the ACA calculation and the methodology for projecting its EGC.

By the Commission

ENTERED
NOV 20 2015
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2015-00359

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2015-00359 DATED **NOV 20 2015**

The following rates and charges are prescribed for the customers in the area served by Columbia Gas of Kentucky, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

CURRENTLY EFFECTIVE BILLING RATES

	Base Rate Charge	Gas Cost Demand	Adjustment ^{1/} Commodity	Total Billing Rate
	\$	\$	\$	\$
<u>SALES SERVICE</u>				
<u>RATE SCHEDULE GSR</u>				
Delivery Charge per Mcf	2.2666	1.2847	1.5482	5.0995
<u>RATE SCHEDULE GSO</u>				
<u>Commercial or Industrial</u>				
First 50 Mcf or less per billing period	2.2666	1.2847	1.5482	5.0995
Next 350 Mcf per billing period	1.7520	1.2847	1.5482	4.5849
Next 600 Mcf per billing period	1.6659	1.2847	1.5482	4.4988
Over 1,000 Mcf per billing period	1.5164	1.2847	1.5482	4.3493
<u>RATE SCHEDULE IS</u>				
First 30,000 Mcf per billing period	0.5443		1.5482 ^{2/}	2.0925
Over 30,000 Mcf per billing period	0.2890		1.5482 ^{2/}	1.8372
Firm Service Demand Charge				
Demand Charge times Daily Firm				
Volume (Mcf) in Customer Service Agreement		6.8103		6.8103
<u>RATE SCHEDULE IUS</u>				
Delivery Charge per Mcf	0.8150	1.2847	1.5482	3.6479

^{1/} The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of Columbia's Tariff. The Gas Cost Adjustment applicable to a customer who is receiving service under Rate Schedule GS or IUS and received service under Rate Schedule SVGTS shall be \$4.7661 per Mcf only for those months of the prior 12 months during which they were served under Rate Schedule SVGTS.

^{2/} IS Customers may be subject to the Demand Gas Cost, under the conditions set forth on Sheets 14 and 15 of Columbia's tariff.

TRANSPORTATION SERVICE

RATE SCHEDULE SS

Standby Service Demand Charge per Mcf			
Demand Charge times Daily Firm			
Volume (Mcf) in Customer Service Agreement	6.8103		6.8103
Standby Service Commodity Charge per Mcf		1.5482	1.5482

RATE SCHEDULE DS

Banking and Balancing Service			
Rate per Mcf	0.0209		0.0209

RATE SCHEDULE MLDS

Banking and Balancing Service			
Rate per Mcf	0.0209		0.0209

RATE SCHEDULE SVGTS

	<u>Base Rate</u>
	\$
<u>General Service Residential (SGVTS GSR)</u>	
Delivery Charge per Mcf	2.2666
<u>General Service Other—Commercial or Industrial (SVGTS GSO)</u>	
First 50 Mcf or less per billing period	2.2666
Next 350 Mcf per billing period	1.7520
Next 600 Mcf per billing period	1.6659
Over 1,000 Mcf per billing period	1.5164
<u>Intrastate Utility Service</u>	
Delivery Charge per Mcf	0.8150
	<u>Billing Rate</u>
	\$
<u>Actual Gas Cost Adjustment</u> ^{3/}	(1.7699)

RATE SCHEDULE SVAS

Balancing Charge—per Mcf	1.0961
--------------------------	--------

^{3/} The Gas Cost Adjustment is applicable to a customer who is receiving service under Rate Schedule SVGTS and received service under Rate Schedule GS, IS, or IUS for only those months of the prior twelve months during which they were served under Rate Schedule GS, IS, or IUS.

*Columbia Gas of Kentucky, Inc.
2001 Mercer Road
P. O. Box 14241
Lexington, KY 40512-4241

*Judy M Cooper
Director, Regulatory Services
Columbia Gas of Kentucky, Inc.
2001 Mercer Road
P. O. Box 14241
Lexington, KY 40512-4241